

Milwaukee County Employees' Retirement System (ERS)

Audit Committee Meeting

MINUTES

Call to Order

Pension Board Member Keith Garland, called the meeting to order at 1:05 p.m. on May 5, 2011, in Commission Room 210, Milwaukee County Courthouse, 901 N. 9th Street, Milwaukee, Wisconsin.

Roll Call

Board Members Present:

John Maier
Keith Garland

Others Present:

Gerald Schroeder Mark Grady
Marian Ninneman Steve Huff
Dale Yerkes

1. Topic: Investment Assumption Discussion – Keith Garland

Keith asked why the investment assumption was at 8% and wanted to explore lowering it to 7.5%. Mark Grady indicated it had been as high as 9% in around 2000. If lower, you increase the amount employees and ERS needs to pay based on the unfunded liability. Last time the assumption was lowered it dropped in quarter percentages. If the decision is made to lower, it should be done in a way to ease in more gradually.

An experience study is required every 5 years, which is coming up soon. It may be a good time to considering lowering investment assumption after the study has been completed. We are currently funded at 93.3%. Any drop in rate of return is amortized over 30 years.

The question will be directed to the actuarial and investment consultants for their thoughts and recommendation.

2. Topic: 2011 RFP Actuarial Services -- Update

Gerry Schroeder gave an update on current RFP activity and need to pursue the remaining actuarial RFP this summer. Steve Huff will utilize the last actuarial RFP and modify the language. A copy will be sent to the ERS Manager. The contract period will begin September 1, 2011 for a 3 year period with an additional two 1-year extensions.

3. Topic: Part-Time Employee on ADR -- Discussion

Question for discussion was whether a former full time individual now working part time and was injured on the job should have the right to use their full time final average salary when calculating their benefit. Mark Grady indicated there are no specifics but cited Section 2.8 saying that their benefit would be computed as a normal retirement but no less than 60% of the three highest consecutive years. Limited discussion took place regarding what any changes may include – 3 highest years in same status or possible average all years of service.

Discussion ended with the conclusion that this is a dead issue as far as creating a Board Rule.

The only option would be to ask the County Board to amend the Ordinance. Pension Board Chairman, Mickey Maier, arrived at 1:35 at which time Mark Grady briefed him on the topic being discussed. Feedback from Mickey is that this looks like Board Ordinance material.

4. Topic: Employee Contributions & Contingent Beneficiaries

ERS currently has a Protective Survivor Option form for members to name a beneficiary once they have reached retirement eligibility. The question came up whether to extend the PSO to all members now that employee contributions are going into membership accounts.

It may be necessary to have a separate form for membership account beneficiaries that would be signed at point of enrollment. Any form created would need to have specific guidelines and language. Steve Huff will draft a form and Gerry Schroeder will draft procedures.

5. Meeting was adjourned at 1:55 p.m.

A handwritten signature in black ink, appearing to read "Marian", followed by a long, sweeping horizontal line that extends to the right.

Marian Ninneman
Interim ERS Manager